Office-Supreme Court, U.S.
FILED
MAY 27 1963
CLERK

In the Supreme Court of the United States

OCTOBER TERM, 1962

No. 1067

MAIER BREWING COMPANY, a corporation, and RALPHS GROCERY COMPANY, a corporation,
Petitioners,

vs.

THE FLEISCHMANN DISTILLING CORPORATION, a corporation, and JAMES BUCHANAN & COMPANY, LIMITED,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

Brief for Respondents in Opposition

MOSES LASKY
111 Sutter Street
San Francisco 4, California

WILLIAM F. CANNON
PORTER R. CHANDLER
1 Chase Manhattan Plaza
New York 5, New York

Attorneys for Respondents

BROBECK, PHLEGER & HARRISON
111 Sutter Street
San Francisco 4, California

DAVIS POLK WARDWELL SUNDERLAND & KIENDL
1 Chase Manhattan Plaza
New York 5, New York

Of Counsel

In the Supreme Court of the United States

OCTOBER TERM, 1962

No. 1067

MAIER BREWING COMPANY, a corporation, and RALPHS GROCERY COMPANY, a corporation,

Petitioners,

vs.

THE FLEISCHMANN DISTILLING CORPORATION, a corporation, and JAMES BUCHANAN & COMPANY, LIMITED,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

Brief for Respondents in Opposition

To the Honorable Earl Warren, Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

Respondents respectfully ask that the writ be denied.

OPINION BELOW

The unanimous opinion of the United States Court of Appeals for the Ninth Circuit is reported in 314 F.2d 149 and is printed as Appendix C to the petition herein. The unanimous order of the Court of Appeals denying a petition for rehearing is printed in Appendix A below.

JURISDICTION

The decision of the Court of Appeals was entered on February 12, 1963. A timely petition for rehearing was denied on March 19, 1963. The petition for a writ of certiorari was filed on April 30, 1963. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

QUESTION PRESENTED

Whether there are special and important reasons why this Court should review the decision of the Court of Appeals, which held that the recent, deliberate adoption by petitioners of the trademark "Black & White" for use on their beer constituted an infringement on the "Black & White" Scotch whisky trademark, where (1) respondents had duly registered the mark in this country for Scotch whisky some fifty years ago, (2) respondents had spent enormous sums to promote their Black & White Scotch (some $5,000,000 for advertising during the period 1951-1957 alone), (3) the fine reputation of respondents' trademark was well known to petitioners when they decided to adopt "Black & White" for their beer and (4) the District Court had found: "In the alcoholic beverage industry the name 'Black & White' has come to mean Scotch whisky."

STATUTE INVOLVED

The statutory provision involved is Section 32(1) of the Lanham Act, 15 U.S.C. 1114(1)(a), printed in Appendix A to the petition herein.

STATEMENT

The essential facts are related with clarity and precision in the detailed and exhaustive opinion of the Court of Appeals. The following merely highlights the factors of particular significance.

Respondent Buchanan and its predecessors blended and sold Scotch whisky since before the turn of the century and have marketed the product in the United States under the "Black & White" name for more than fifty years. Buchanan registered the name as

its trademark for Scotch whisky in the United States Patent Office in 1908 and again in 1948 (following enactment of the Lanham Act) and in California in 1911. The name "Black & White" has never been registered in the Patent Office for any other alcoholic beverage. Respondent Fleischmann has been the sole importer of Black & White whisky in the United States since 1948 (App. C to Pet. p. 2).

The District Court found that Black & White Scotch whisky was "widely known" and "the leader among Scotch whiskies". It further found, and this is stressed by the Court of Appeals (App. C to Pet., pp. 3, 9, 12): "In the alcoholic beverage industry the name 'Black & White' has come to mean Scotch whisky." This vital and unchallenged finding is never once mentioned or cited in the petition. At page 4 petitioners distort it into the statement "Petitioners concede that *as applied to whisky* the mark 'Black & White' means respondents' Scotch whisky." (Emphasis added.)

In 1956 petitioner Maier commenced the sale to petitioner Ralphs of a low priced beer under the label "Black & White". Petitioners well knew of the use of that mark by respondents for Scotch whisky and of the reputation which the whisky had over the years attained. The Court of Appeals concluded that petitioners "deliberately adopted the name" and that the "only possible purpose could have been to capitalize upon the popularity of the name chosen" (App. C to Pet., p. 17). Nevertheless, on demand they refused to discontinue the use of the mark for their beer.

The rank unfairness of permitting the use of the "Black & White" trademark on one alcoholic beverage (beer) when that trademark has been registered and used for another alcoholic beverage (Scotch whisky) for more than half a century, a trademark which by virtue of promotional expenditures of many millions of dollars has come to mean Scotch whisky and has made "Black & White" the leader in the field, would seem apparent even to a lay

man. The inequity is all the more blatant where, as here, the defendant brewer when adopting the trademark was fully aware of its long and highly successful use for respondents' Scotch whisky. One's instinctive reactions—to the identity of the mark "Black & White" on both products, to the fact that both are alcoholic beverages, to the long, expensive and successful promotion of "Black & White" Scotch, and to the brewer's full awareness of such successful promotion when he decided to appropriate that mark for his beer—wholly concur with the decision of the court below.

ARGUMENT

This case turns on a determination of a question entirely peculiar to this case: Is the use by petitioners of "Black & White" likely to produce confusion of source of origin? There is and can be no dispute about the legal test that governs. The ultimate issue is not, as the District Court erroneously supposed, any likelihood of confusion between the two products, whisky and beer. On the contrary, likelihood of confusion of *source of origin* is the test expressly prescribed by the Lanham Act in prohibiting a use which "is likely to cause confusion or mistake or to deceive purchasers as to the *source of origin* of such goods or services" (60 Stat. 427, 15 U.S.C. §1114(1)(a)). And it is the precise test applied by the Court of Appeals, for its opinion expressly states (App. C to Pet., p. 4):

> "Thus the question to be determined here is whether the use by Maier and Ralphs of the name 'Black & White' on their beer 'is likely to cause confusion or mistake or to deceive purchasers as to the source of origin' of such goods or services."

This governing test is stated in almost identical language in one of the two cases which petitioners incorrectly assert to be in conflict. *California Fruit Growers Exchange v. Sunkist Baking Co.* (7 Cir. 1947) 166 F.2d 971, where the court said (p. 973): "It is

a confusion of origin or sponsorship and not confusion of goods which controls.

Upon the record, the court below answered the question in the affirmative and held a contrary finding of the District Court to be "clearly erroneous" (App. C. to Pet. p. 13). The petition (p. 9) distorts the holding of the Court of Appeals by placing on that court's finding of likelihood of confusion the unwarranted gloss that use of "Black & White" by petitioners would "cause purchasers of Maier Brewing Co.'s low-priced 'Black & White' 'private brand' of California beer to believe that it was *made by* James Buchanan & Company, Limited, Scotch whisky distillers of Glasgow, Scotland". But the plain words of the court are:

> "It is our view, and we so hold, that the average purchaser, as the courts have described him, would be likely to believe, as he noted the Black & White beer in Ralphs' stores, that the maker of the beer *had some connection with* the concern which had produced the well-known Black & White Scotch whisky. It is not material whether he would think that the makers of the Scotch whisky were actually brewing and bottling this beer, or whether it was being produced under their supervision or pursuant to some other arrangement with them. He would probably not concern himself about any such detail" (App. C to Pet., p. 13).

This determination by the Court of Appeals of the likelihood of confusion rests on an *appraisal of the particular facts of this case*, an evaluation of the evidence and an appreciation of the particular circumstances of this case. As this Court has often said, it does not exercise its certiorari jurisdiction to review this kind of determination, to decide issues of fact, or to give an unsuccessful party in a court of appeals "another hearing". *National Labor Relations Board v. Pittsburgh S. S. Co.*, 340 U. S. 498, 503; *General Talking Pictures Corp. v. Western Electric Co.*, 304 U. S. 175, 178; *United States v. Johnston*, 268 U. S. 220, 227; *Southern Power Co. v. North Carolina Public Service Co.*, 268 U. S. 508, 509; *Magnum Import Co. Inc. v. Coty*, 262 U. S. 159, 163.

To evade this basic principle petitioners essay two efforts. The first, in effect, is an assertion that it is high time for this Court to embark on a general disquisition on the Lanham Act although nothing in this case warrants review (Pet. p. 11). Petitioners state that the lower courts and the textwriters have all been too liberal in their interpretation. This is wholly inconsistent with petitioners' further assertion that there is a "conflict in principle, if not directly" (Pet. p. 12) with decisions of other courts of appeal. That the decision below conforms to the authority in the other circuits is demonstrated by the extensive citations set forth in footnotes 1 and 2a of the opinion below (App. C to Pet., pp. 5-7).

We have already seen that there is no conflict with *California Fruit Growers Exchange v. Sunkist Baking Co.*, (7 Cir. 1947) 166 F.2d 971. No more is there with *S. C. Johnson & Son v. Johnson* (2 Cir. 1949) 175 F.2d 176, which petitioners cite as "holding" that the Lanham Act did not change the preexisting law of infringement but was declaratory of it (Pet. p. 10). This is disingenuous, because the Second Circuit was the leading court in giving the prior trademark act a liberal interpretation, and a purpose of the Lanham Act was to give Congressional sanction to that liberal view. As said in the opinion below, the Second Circuit "was one of those which prior to the Lanham Act gave to the 1905 Act a liberal construction which anticipated the changes that were written into the Lanham Act to which we have previously alluded" (App. C to Pet., p. 21; also p. 4). The opinion below and the *Johnson* opinion contain similar reviews of the relevant history. The earlier Act provided that a right of action to suppress an infringement of a registered mark arose only if the infringement was used on "goods of the same descriptive properties" as the registrant's goods. The "parallel section" of the Lanham Act of 1946 was "practically the same" except that it omitted this limitation about goods of "the same descriptive properties" (*Johnson*, p. 178). As then said in *Johnson*, "[c]learly a change and a most substantial change was intended * * *" (p. 178) by this omis-

sion. Subsequent to 1905 the question arose in numerous cases whether the words "substantially of the same descriptive properties" referred to the physical character of the goods to which the protection of the mark alone extended, or whether it also covered any of which the owner of the mark might be supposed to be the source." (*Johnson*, p. 179). By 1946 the law of unfair competition had universally come to grant protection against a use likely to confuse as to source of origin regardless of whether the goods were of the same "descriptive qualities", but there may have been a doubt whether trademark relief granted by the Act of 1905 was co-extensive with the protection granted by the 1946 law of unfair competition. Thus, said *Johnson*, the purpose of the change of language in the Lanham Act was Congress' wish at least to "clear up this doubt * * * and make the protection of the new right co-extensive with the law of unfair competition as it was in 1946, just as the Act of 1905 had made it co-extensive with the law of 1905" (p. 179). Whether the effect of the Lanham Act was to extend trademark protection even further was discussed in the *Johnson* case but is not relevant here for the court below said that it was unnecessary to go even as far as the Second Circuit had gone over 20 years earlier in *Yale Electric Corporation v. Robertson* (2 Cir. 1928), 26 F.2d 972. (See opinion below, fn. 14a, App. C to Pet., p. 22.)

Petitioners also suggest that the decision below "conflicts in principle" with this Court's 1926 decision in *American Steel Foundries v. Robertson*, 269 U.S. 372. But that decision rested on a determination from the *facts of that case* (p. 384):

> "*Under the facts* we are of opinion that it does not appear that the use of the word as a trademark on the goods of the plaintiff will probably confuse or deceive the public to the injury of the defendant or of any other corporation." (Emphasis added.)

In the instant case, *on the facts of this case*, the court below found the plainest likelihood of confusion.

Significantly, the decision below is correct even on the basis of pre-Lanham Act decisions since, as the court below indicated (App. C to Pet., pp. 21-23), beer and whisky are in fact both alcoholic beverages. If petitioners were correct on the law, either pre- or post-Lanham Act, why not Old Grand-Dad gin, wine, vodka or ale produced by a firm other than the owner of the Old Grand-Dad trademark? No cognizable conflict has been shown, nor any justification for a general discourse on the 1946 Act without even the guidelines of a conflict of decisions.

The undisputed facts of this case show that petitioners voluntarily and with full knowledge embarked upon a deliberate and aggressive attempt to purloin respondents' hard-won good will and to appropriate for their own benefit a name which, as both courts below found, was universally regarded throughout the alcoholic beverage industry as belonging to someone else. The equities are so clearly against the petitioners that we submit no other decision could reasonably have been reached by the Court of Appeals.

CONCLUSION

For the reasons set forth above, the petition for a writ of certiorari should be denied.

Dated: San Francisco, California
May 20, 1965

Respectfully submitted,

MOSES LASKY
111 Sutter Street
San Francisco 4, California

WILLIAM C. CANNON
PORTER R. CHANDLER
1 Chase Manhattan Plaza
New York 5, New York

Attorneys for Respondent

BROBECK, PHLEGER & HARRISON
111 Sutter Street
San Francisco 4, California

DAVIS POLK WARDWELL SUNDERLAND & KIENDL
1 Chase Manhattan Plaza
New York 5, New York

Of Counsel.

(Appendix A Follows)

Appendix A

United States Court of Appeals
for the Ninth Circuit

No. 17,696

The Fleischmann Distilling Corporation, a corporation; and James Buchanan & Company, Limited,
Appellants,

vs.

Maier Brewing Company, a corporation, and Ralphs Grocery Company, a corporation,
Appellees.

ORDER

Before POPE, BROWNING and DUNIWAY, Circuit Judges.

Upon petition for rehearing appellees complain about the fact that our opinion refers to the possibility of accounting upon remand of the cause. It is asserted that "in the trial court appellants' witnesses did not claim any damage, and on appeal appellants seemingly assured this Court that damages were not sought: Appellants' Opening Brief, page 62."

The complaint in this case prayed for an accounting to the plaintiff by defendants "of profits from the manufacturing, bottling, canning, distributing or selling of alcoholic beverages labeled or named with the words 'Black & White'." The trial court never reached that issue because of its judgment of non-infringement and its dismissal of the action, which judgment we have reversed. Whether plaintiffs are now entitled to an accounting remains for the district court to decide. We have given no directions as to what that decision should be.

The above quoted statement as to why there is no issue of accounting is manifestly wrong. As disclosed by Title 15 USC § 1117, a recovery, on an accounting, is not limited to damages sustained but may include a defendant's profits. The statement that the appellants' brief disclaimed a right to an accounting or damages is not correct.

The other contentions made by appellees we reject without comment.

The petition for rehearing is denied.

WALTER L. POPE
JAMES R. BROWNING
BEN. C. DUNIWAY
Circuit Judges

ENDORSED
FILED MARCH 19, 1963
FRANK H. SCHMID, CLERK